

THE RURAL TELEPHONE COALITION

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FEDERAL COMMUNICATIONS COMMISSION
OFFICE OF THE SECRETARY

Chairman Reed E. Hundt
Federal Communications Commission
1919 M Street, N.W., Room 814
Washington, D.C. 20554

Re: CC Docket No. 96-45 — Rural Task Force

Dear Chairman Hundt:

The Rural Telephone Coalition (RTC) has been active since 1979 in advocating national telecommunications policies that will provide rural residents and businesses with reasonably priced, affordable, up-to-date and evolving telecommunications resources and opportunities, in step with those available to subscribers in densely populated locations, in spite of the inherently higher cost of serving rural areas. The RTC is an alliance of the National Rural Telecom Association (NRTA), the National Telephone Cooperative Association (NTCA) and the Organization for the Promotion and Advancement of Small Telecommunications Companies (OPASTCO), which together represent more than 850 small and rural telephone companies. The above-referenced Joint Board proceeding, with the help of the Rural Task Force, will formulate a cost methodology for rural local exchange carriers (LECs) in keeping with the universal service mandates and pro-competitive, deregulatory policies embraced by Congress in the Telecommunications Act of 1996. This issue is of paramount importance to the RTC associations, their rural universal service provider members and the rural customers their members serve.

The Commission has outlined the chief responsibility of the Rural Task Force as to "consider whether a FLEC mechanism for rural carriers should have different platform design features or input values than the mechanism adopted for non-rural carriers." The non-rural FLEC proposals have been hotly contested over a period dating back to before enactment of the 1996 Act. The sponsors of the models currently under consideration have been advocating, defending and fine-tuning their proposed FLEC proxy models throughout this period and continue to contend for their respective assumptions, platform and inputs. The compelling objective of each such sponsor has been and remains to achieve acceptance for a model with the characteristics and results of its proposals, and they have devoted enormous time, energy and corporate resources to that end.

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OPASTCO

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The purpose for establishing the Rural Task Force, reiterated in the Joint Board's September 17, 1997 call for nominations, is to "provide valuable assistance in identifying the issues unique to rural carriers and analyzing the appropriateness of proxy cost models for rural carriers." This mandate to consider and respond to rural differences and to depart when appropriate from the approach adopted for non-rural carriers is not consistent with authorship, longstanding public commitment to and tireless advocacy of the economic and policy merits of a particular plan to identify what high costs warrant universal service support. Consequently, the RTC respectfully urges the Joint Board and the Commission to clarify that the Rural Task Force membership should not include the originators and primary sponsors of the particular plans that they are still pursuing in the non-rural FLEC proceeding that is now underway.

The RTC does not mean that the sponsors should not participate in the Task Force, Joint Board and Commission processes. However, the RTC strongly believes that none of the members of the Rural Task Force should come to the process with a vested interest in the adoption of their own proxy models, including their underlying economic, factual, public policy and impact assumptions. Indeed, the Rural Task Force recommendation is due June 15, 1998, which is before the August, 1998 schedule for adopting the mechanism for non-rural companies. The sponsors will accordingly be actively promoting their plans for non-rural LECs throughout the Rural Task Force's investigation of alternatives for rural LEC areas.

The RTC urges exclusion of the sponsors from Rural Task Force membership to prevent their natural bias in favor of their proxy proposal, assumptions and approaches from coloring their participation in a proceeding to determine whether a rural model "should have different platform design features or input values." Beyond that, since individual Joint Board members will choose a stated number of task force members, the ability to appoint or block the sponsor of a particular plan could allow a Joint Board member that favors or disfavors one or the other proposed non-rural plan to wield disproportionate influence over the outcome of the Task Force's recommendation. If the sponsor of one plan is named, the other plan's sponsor will complain that its plan has been handicapped. If sponsors of both plans are appointed to the task force in an effort to achieve balance, the rural recommendation process risks ending up as simply a simultaneous reargument of the issues raised about the two proposals in the non-rural proceeding.


The RTC emphasizes that the Joint Board should encourage the Rural Task Force to consider arguments and information provided by parties that do not have individual representation on the Rural Task Force, including the sponsors of the contending non-rural FLEC proxy plans. Our request is only that the panel chosen to make an independent evaluation about FLEC issues in light of the unique needs of rural LEC markets should not empanel sponsors of particular non-rural FLEC plans to decide what and, above all, whether the conditions in such markets warrant divergences from the FLEC proxy model for non-rural LECs.

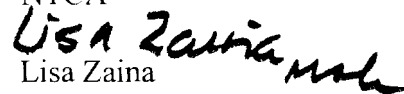
The RTC looks forward to working with the Rural Task Force, the Joint Board and the Commission to arrive at a high cost determination method that will be suitable for the areas served by small and rural telephone companies.

Sincerely,

Rural Telephone Coalition


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